

Message Text

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PAGE 01 STATE 024210

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ORIGIN EB-07

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FM SECSTATE WASHDC

TO AMEMBASSY WELLINGTON

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, NZ

SUBJECT: IMPORT DEPOSIT SCHEME

REF: A. GENEVA 0574; B. 0ECD PARIS 2831;

C. WELLINGTON 322

1. FOR WELLINGTON: EMBASSY IS REQUESTED TO INFORM APPROPRIATE GNZ OFFICIALS OF OUR REGRET OVER THEIR IMPOSITION OF AN IMPORT DEPOSIT SCHEME. WE REALIZE NZ HAS

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PAGE 02 STATE 024210

SUFFERED SEVERE EROSION IN THEIR TERMS OF TRADE AND LARGE BALANCE OF TRADE AND PAYMENTS DEFICITS. HOWEVER, THE

IMPORT DEPOSIT SCHEME IS THE SORT OF ACTION AGAINST WHICH THE OECD TRADE PLEDGE IS DIRECTED. EVEN THOUGH MOST OF THE WORLD IS RECOVERING FROM THE RECENT RECESSION, PROTECTIONIST SENTIMENT CONTINUES TO RUN HIGH. ACTIONS SUCH AS THIS CANNOT HELP BUT ERODE THE ABILITY OF OTHER GOVERNMENTS TO WITHSTAND PRESSURES FOR USE OF TRADE RESTRICTIVE AND/OR ARTIFICIAL EXPORT STIMULATIVE DEVICES IN ORDER TO "PROTECT" THEIR OWN ECONOMIC INTERESTS. YOU SHOULD INFORM GNZ THAT WE WILL SUPPORT EXAMINATION OF THEIR SCHEME IN OECD UNDER THE CONSULTATIVE PROVISIONS OF THE OECD TRADE PLEDGE.

2. FOR WELLINGTON AND GENEVA: WE ARE DISAPPOINTED BY FALCONER'S ATTITUDE TOWARD CONSIDERATION OF THE NZ ACTION IN THE GATT BALANCE OF PAYMENTS COMMITTEE. THIS REFLECTS GROWING DISSATISFACTION WITH BALANCE OF PAYMENTS COMMITTEE PROCEDURES WHICH ARE NOW UNDER DISCUSSION BY G-18. NEW ZEALAND'S RELUCTANCE TO USE THE BOP COMMITTEE FOR CONSUL-

TATIONS WILL ONLY FURTHER WEAKEN THE COMMITTEE'S EFFECTIVENESS RATHER THAN DEMONSTRATE A DETERMINATION TO MAKE ITS DELIBERATIONS MORE EFFECTIVE. ALTHOUGH WE RECOGNIZE THE LEGAL ANOMALY OF NOTIFICATION OF IMPORT DEPOSIT SCHEME UNDER ARTICLE XII, MISSION SHOULD ASK THE NZ REP TO RECONSIDER HIS POSITION TOWARD CONSIDERATION BY THE BOP COMMITTEE AS PART OF AN EFFORT TO STRENGTHEN THE GATT GENERALLY AND THE BOP COMMITTEE'S EFFECTIVENESS PARTICULARLY. MISSION AND EMBASSY MAY INFORM THEIR INTERLOCUTORS THAT AT GATT COUNCIL WE WILL STRONGLY SUPPORT CONSIDERATION OF THE NZ MEASURE BY THE BOP COMMITTEE FOR TO DO OTHERWISE WOULD BE CONTRARY TO CHANGES WE ARE SEEKING IN THE COMMITTEE'S PROCEDURES IN THE G-18.

3. FOR MISSION OECD: WE HAVE NO STRONG PREFERENCE AS BETWEEN AN AD HOC GROUP OF THE COUNCIL OR THE TRADE COMMITTEE WORKING PARTY TO CONSIDER NZ MEASURE, BUT WE LEAN TOWARD TCWP IN ORDER TO MAKE MAXIMUM USE OF REGULARLY ESTABLISHED OECD BODIES. KISSINGER

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